

Appendix

APPROVED

by order No. ____ of Delo MC
of _____ 2023

**Delo Management Company
SUSTAINABILITY POLICY**

Table of Contents

1. Definitions and Abbreviations	3
2. General	4
3. Scope	5
4. Delo MC's Approach to Sustainability	5
4.1. Scope of Delo MC's Sustainability Agenda	6
4.2. Goal and Principles of Delo MC's Sustainability Agenda	6
4.3. Priorities and Objectives of Delo MC's Sustainability Agenda	7
4.4. Sustainability Management System	7
4.5. Organizational Structure	7
4.6. Stakeholder Engagement.....	8
4.7. Information Disclosure and Reporting.....	9
5. Final Provisions	9
Appendix	10

1. Definitions and Abbreviations

“**ESG**” stands for “Environmental, Social and Governance” and represents a globally recognized set of criteria for evaluating environmental, social and governance performance.

“**ESG Risks**” means environmental, social and governance risks.

“**Renewables**” stands for “renewable energy sources” (solar, wind, geothermal, biofuels and biomass).

“**Delo MC**” or “**Company**” means Delo Management Company.

“**Delo Group**” means Delo MC and the companies controlled or operated by Delo MC, hereinafter also collectively referred to as the “**Companies**”, “**Delo Group companies**”.

“**Stakeholder**” means any government, local authority, constituency, legal entity or individual that is either interested in the Company’s performance and value creation and/or has a significant influence on the Company’s activities, products and services, or whose decisions or actions may affect the Company’s ability to create value, successfully implement its strategies and achieve its goals, as well as any individual or legal entity that is affected by the Company’s activities.

“**Green Logistics**” means ESG-compliant logistics practices.

“**Russia’s 2030 National Development Goals**” means the development goals defined in Presidential Decree No. 474 of 14 July 2020, which are aimed at the breakthrough development of the Russian Federation, the growth of the country’s population, the improvement of people’s living standards, the creation of comfortable living conditions for the population, and the overall personal development of all Russian people.

“**OHS**” stands for “Occupational Health and Safety”.

“**Paris Agreement**” means a legally binding international treaty adopted on 12 December 2015 under the UN Framework Convention on Climate Change. The Paris Agreement aims to substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.

“**Sustainability Policy**” (also “**ESG Policy**”, “**the Policy**”) means the corporate policy that defines the common approach to and expectations of sustainability (including the underlying principles, priorities and commitments) to be shared by Delo MC and Delo Group companies.

“**Working Group**” means a team appointed to define strategic goals, elaborate issues, make recommendations, and develop programs aimed at integrating ESG framework into the activities of Delo MC and its affiliates, in particular in the following areas: reduction of environmental impact, occupational health and safety, protection of human rights, anti-corruption, Sustainable Supply Chain, regional development, interaction with local communities, preparation of non-financial reports.

“**Sustainable Development**” means development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The three dimensions (or pillars) of Sustainable Development are economic, social and environmental.

“Sustainable Supply Chain” means ESG-compliant supply chain.

“UN SDGs” means the set of 17 Sustainable Development Goals set out in the 2030 Agenda for Sustainable Development adopted by the UN General Assembly in 2015 for a period of 15 years to achieve the global goals for Sustainable Development.

2. General

Delo MC is aware of its exposure to ESG Risks, including those related to the environment, climate, social and governance, and understands that they can significantly affect the activities of all Delo Group companies. In addition, Delo Group’s footprint extends to numerous Russian regions and other countries, thereby influencing their social and economic development and environment.

In view of the above, Delo MC is committed to adhere to ESG principles, Russian and international sustainability-related standards and codes, to comply with the industry best practices throughout the value chain, and to meet the needs of its key Stakeholders¹, thereby contributing to sustainable development of the economy, society and to protection of the environment.

The Company sees sustainability as a strategic objective that, together with operational performance and financial stability, ensures the long-term success of Delo MC and its Stakeholders. Delo MC recognizes that commitment to sustainability values will become an important factor in customers’ choice of partner, and that embracing such values can be a strong competitive advantage. This Policy is based on an integrated, systematic and comprehensive approach to assessing sustainability performance and takes into account the following:

- the current state of ESG practices;
- assessment of ESG Risks, including those related to the environment, climate, social and governance;
- requirements and preferences of customers and other partners;
- industry best sustainable practices;
- Russian and international laws and regulations;
- global sustainability standards and regulations, including the UN SDGs;
- leading financial institutions’ approaches, as well as requirements of Russian and foreign agencies that award independent ESG rankings.

This Policy is in line with the Company’s mission to “provide fast, reliable and secure trade within and outside Russia, making the best use of our own unique infrastructure and connections around the world”. It also contributes to the goal of becoming a leader in the Russian transportation industry, an established authority in the global market, a prestigious partner and attractive employer with an impeccable business reputation.

This Policy will be made publicly available for review by all Stakeholders.

Delo MC will review and update this Policy at least every three years in accordance with the established procedure, to update the Company’s sustainability approaches, strategies and priorities. The Vice President – Chief Financial Officer and

¹ For the detailed list of Stakeholders, see Stakeholder Engagement.

the Head of Sustainable Development Initiatives shall be responsible for the implementation and updating of this Policy at Delo MC.

3. Scope

This Policy applies to Delo MC and all Delo Group companies that may accede to the Policy, regardless of their size, business or location.

Delo MC and acceding Delo Group companies will endeavor in good faith to follow the principles set forth in this Policy and to establish the necessary governance system to implement responsible business practices.

The provisions of this Policy should be taken into account whenever Delo MC develops new strategies or plans its activities, develops internal regulations, or engages in internal or external communication.

This Policy defines the common sustainability goals, principles, priorities and objectives of Delo MC, shapes the overall approach to, and serves as the basis for, the Company's Sustainability Strategy.

Delo MC's key sustainability regulations, principles and practices will be secured by this Policy, a number of internal regulations and policies adopted by Delo MC and the acceding Delo Group companies, which may be amended in accordance with this Policy. The current list of internal policies includes, but is not limited to, the following documents:

1. Delo MC's Sustainability Strategy (the "**Strategy**")²;
2. Code of Business Conduct;
3. Environmental Policy;
4. Human Rights Policy;
5. Occupational Health & Safety (OHS) Policy;
6. Community Relations Policy;
7. Supplier Code of Conduct;
8. Government Relations Policy;
9. Antitrust Compliance Policy;
10. Anti-Fraud and Anti-Corruption Policy;
11. Information Security Policy;
12. Corporate Governance Code;
13. Risk Management Policy;
14. Philanthropy Policy.

4. Delo MC's Approach to Sustainability

Delo MC views this Policy as a foundational document that defines the Company's approach to implementing the sustainability agenda. The multi-level approach includes a step-by-step identification of the key sustainability elements that are relevant to business planning, including scope, goal, principles, priority areas and the UN SDGs, as well as objectives for each of the priority areas.

² At the time of publication of this Policy, the Strategy is still under development and is expected to be approved in 2023.

4.1. Scope of Delo MC's Sustainability Agenda

Delo MC's approach to sustainability is based on understanding the three ESG pillars in the context of business operations, and the key role of the UN SDGs in addressing the sustainability agenda.

Delo MC recognizes the comprehensive approach to the sustainability agenda and equally values the importance of each ESG pillar:

- Environment (E);
- Social (S);
- Governance (G).

4.2. Goal and Principles of Delo MC's Sustainability Agenda

In implementing its sustainability agenda, Delo MC aims to establish best practices in Green Logistics and set responsible business trends in the industry.

Delo MC's sustainability principles are based on shared values and interests of its Stakeholders, contribute to the achievement of the goal and objectives of the Company's sustainability agenda, and act as a guideline for all employees in the conduct of Delo Group's business activities.

Principle 1. Commitment and Compliance. Delo MC respects and complies with national and international laws and regulations, codes and standards, commitments and declarations on Sustainable Development, including, but not limited to, respect for human rights, labor practices, implementing climate agreements, etc.

Principle 2. Strategy and Pragmatism. Prior to making any decisions on the implementation of ESG projects and programs, Delo MC always conducts a qualitative and quantitative assessment of the possible impacts of the implementation and non-implementation of such initiatives.

Principle 3. Ethics and Integrity. Delo MC aims to deal with its customers, employees, suppliers and business partners in an ethical manner and to exclude any form of corruption or fraud.

Principle 4. Transparency, Openness and Reliability. As an integral part of its operations, Delo MC regularly communicates with its Stakeholders on matters related to Sustainable Development and takes their opinions into account in its business activities. All information provided to Stakeholders has been verified and is accurate.

Principle 5. Care and Diligence. Delo MC strives to eliminate negative impacts on social, economic and environmental development in the regions where it operates by building an effective ESG Risk and emergency management system.

Principle 6. Responsibility. Social and environmental responsibility is at the heart of Delo MC's development strategy and one of the values that define its corporate culture. The Company strives to improve in this area, taking into account the principles of Green Logistics, providing high-quality services, and taking into account the interests of the Company.

Principle 7. Continuous Improvement. Delo MC seeks to continuously improve its sustainability performance.

4.3. Priorities and Objectives of Delo MC's Sustainability Agenda

Priorities of Delo MC's sustainability agenda are determined subject to the following:

- the findings of the ESG Risks analysis for Delo MC and the acceding Delo Group companies to identify ESG vulnerabilities;
- the findings of the review of international and Russian industry practices;
- international regulations and standards, the requirements of rating agencies and other entities falling within the scope of Delo MC's interests.

Stakeholders play a meaningful role in determining Delo MC's priorities.

Delo MC's priorities and objectives in terms of sustainability are integrated into Delo Group's strategy, risk management system, and are taken into account in short-, medium- and long-term planning. They are also consistent with the 2030 UN SDGs, the 2015 Paris Agreement, and Russia's 2030 National Development Goals.

Delo MC has identified five priorities and a number of objectives in terms of sustainability, that contribute to achieving the goal of the Company's sustainability agenda (see Appendices 1 and 2).

The implementation of Delo MC's sustainability objectives in the priority areas, based on a critical analysis of international and Russian best practices, and the assessment of ESG Risks for Delo MC and the acceding Delo Group companies, is of particular importance for Delo MC and its Stakeholders.

4.4. Sustainability Management System

Sustainability principles cover all business processes at Delo MC. To implement this Policy, Delo MC strives to create mechanisms to manage sustainability:

- improve sustainability management at all organizational levels of the Company;
- improve internal regulations on sustainability (policies, standards, etc.);
- develop strategic documents and plans to achieve the objectives in Delo MC's priority areas, with identification of KPIs and initiatives;
- build a corporate culture in line with the principles of sustainability and this Policy;
- ensure continuous Stakeholder engagement;
- ensure regular monitoring of ESG activities, sustainability performance assessment and regular sustainability reporting.

4.5. Organizational Structure

Responsibility for implementing the sustainability agenda at Delo MC lies with:

- the Board of Directors, which reviews and decides on the development strategy, including sustainability issues;
- the Director General, who sets the sustainability strategy and approves internal regulations on certain aspects of sustainability;
- the Vice President – Chief Financial Officer and the Head of Sustainability Initiatives, who are responsible for implementing the Strategy, reviewing this Policy and the Strategy, developing the sustainability roadmap, and integrating sustainability principles into business processes;

- the Working Group, which has been established to coordinate activities, define strategic goals, elaborate issues, make recommendations and coordinate programs aimed at integrating sustainability principles. The members of the Working Group are representatives of Delo MC, Delo Group companies and are approved by the order of the General Director of Delo MC;
- Heads of functions/departments, who manage the implementation of strategic and target programs that address sustainability issues and contribute to the development of cross-functional projects.

4.6. Stakeholder Engagement

Delo MC has identified key Stakeholders that either influence or are influenced by Delo MC's activities. Engagement with Stakeholders on sustainability issues, including educational activities, sharing of experience and practices, is an integral part of this Policy and Delo MC's activities.

The key Stakeholders of Delo MC in terms of sustainability are:

1. Employees.

Employees contribute to the achievement of high financial and operational performance and are one of Delo MC's most important assets. Delo MC provides its employees with appropriate remuneration and working conditions, invests in their professional development, and creates a safe work environment.

2. Customers.

Delo MC builds customer relationships in accordance with the principles of business ethics, integrity and honesty, and provides high quality services to each customer. By fulfilling contractual obligations, Delo MC creates long-standing and mutually beneficial partnerships.

3. Suppliers and business partners.

Delo MC builds sustainable and trust-based relationships with suppliers, contractors and business partners. Delo MC is committed to full compliance with sustainability standards, including business ethics, anti-corruption and occupational safety.

4. Shareholders, investors and other financial institutions.

Delo MC aims to strengthen its competitive position in the market, as well as to provide stable returns and long-term value to its investors. Shareholders, investors and other financial institutions provide Delo MC with the necessary capital for the development and expansion of Delo MC's business activities.

5. Local communities and non-profit organizations.

Delo MC is sensitive to the interests of local communities, although it does not have a significant negative impact on their livelihoods.

6. Regulator/authorities.

Delo MC complies with all applicable laws and regulations and interacts with industry authorities on key issues and topics.

4.7. Information Disclosure and Reporting

In line with the principles of openness and reliability, Delo MC recognizes the importance of providing and disclosing sustainability information to all Stakeholders and publishes a Sustainability Report.

Sustainability reporting is implemented with the involvement of all functional units involved in the implementation of sustainability initiatives. Working groups headed by the top management of Delo MC and the acceding Delo Group companies can also be set up for individual tasks.

Delo MC follows international reporting standards. Sustainability data will be published annually on the official websites of Delo MC and the acceding Delo Group companies.

5. Final Provisions

For non-compliance or improper compliance with this Policy, employees of Delo MC may be held liable in accordance with applicable laws and regulations of the Russian Federation.

This Policy shall be enacted, amended and repealed by resolution of the Company.

This Policy shall be subject to revision in the event of changes in any of the following:

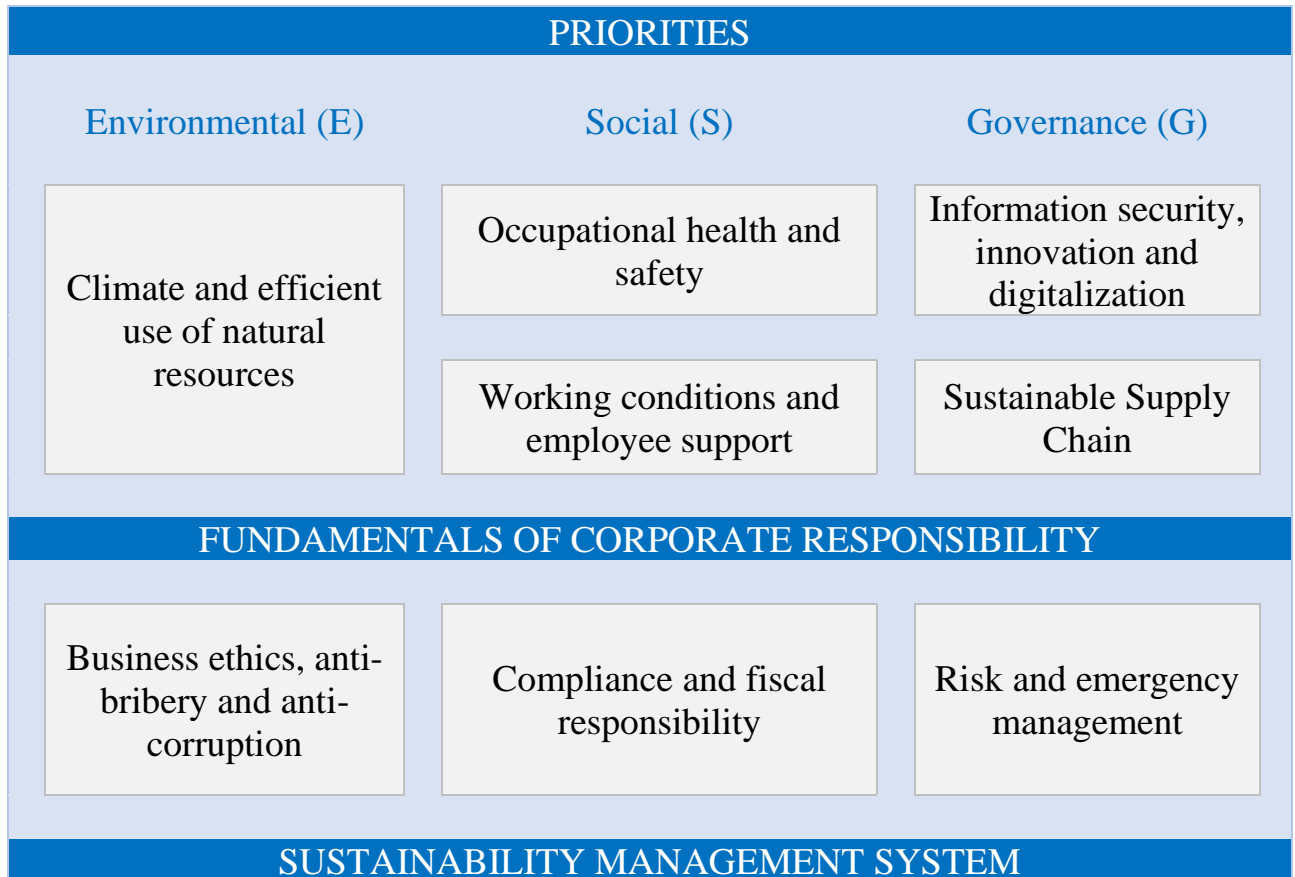
- applicable laws and regulations of the Russian Federation;
- internal regulations of the Company.

This Policy will be updated by the Sustainability Directorate and the Legal Affairs Directorate of Delo MC. Employees of the Sustainability Directorate of Delo MC may provide explanations on the application of this Policy.

The Vice President – Chief Financial Officer of Delo MC will be responsible for monitoring compliance with this Policy.

Any reference in this Policy to a document is a reference to that document as amended or restated from time to time. If any document referred to in this Policy is repealed, the relevant section of this Policy shall continue to apply to the extent that it does not contain such reference.

Priorities of Delo MC's Sustainability Agenda



Priorities and Objectives of Delo MC's Sustainability Agenda

Priorities	Objectives
1. Occupational health and safety	<ul style="list-style-type: none"> - Ensure safe operations for employees, suppliers and customers at the locations where we operate; - Provide OHS training and ensure OHS compliance; - Adhere to maintenance schedules, scopes and safety requirements; - Monitor and mitigate workplace injuries and potentially hazardous situations; - Improve employee skills, in particular in such areas as OHS, environment, etc.
2. Working conditions and employee support	<ul style="list-style-type: none"> - Ensure decent working conditions for employees, including fair and competitive wages, professional and career development, no unpaid overtime; - Maintain the well-being of employees, including health care, maternity and fertility support, assistance in certain life situations, maintain motivation, a favorable psychological climate in the team; - Respect employee rights, create conditions for equality and inclusion, non-discrimination, no child labor, etc.; - Provide an effective process for recruiting, hiring and retaining employees; - Ensure the qualifications and competence of employees in all functions; - Train employees on basic policies, rules and regulations.
3. Sustainable supply chain	<ul style="list-style-type: none"> - Implement Green Logistics principles in relations with customers, partners and suppliers; - Ensure high quality of service and customer satisfaction; - Help prevent social and environmental incidents caused by contractors;

Priorities	Objectives
	<ul style="list-style-type: none"> - Integrate sustainable procurement practices into overall procurement activities; - Expand Delo MC's activities to new markets, improve its investment attractiveness.
4. Climate and efficient use of resources	<ul style="list-style-type: none"> - Reduce greenhouse gas emissions; - Ensure the resilience of Delo MC's infrastructure and operations to natural climate risks; - Monitor and improve the efficient use of water resources; - Monitor water use and discharge; - Minimize pollution, contamination or depletion of water bodies and the marine environment; - Treat wastewater; - Ensure efficient waste management; - Reduce fossil energy consumption and increase the use of renewable energy sources (Renewables); - Improve energy efficiency.
5. Information security, innovation and digitalization	<ul style="list-style-type: none"> - Ensure the privacy of customer and employee data; - Prevent cyber attacks and threats; - Upgrade existing equipment and implement new technologies; - Ensure uninterrupted communications and operation of digital solutions.